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Istook Backs Tax Benefits for Oklahoma Businesses

Washington, DC – Rep. Ernest Istook (R-Warr Acres) acted Thursday to help Oklahoma by continuing major tax credits for businesses that create jobs on tribal land.

The Tax Relief Extension Reconciliation Act, H.R. 4297, would extend for another year two key tax benefits: the Indian employment tax credit and accelerated depreciation for business property. The benefits apply to businesses on lands designated by the IRS as “former Indian lands,” which include approximately 70 percent of the land in Oklahoma according to the State Chamber of Oklahoma.

“This is one of our most important incentives to create more jobs and better jobs in Oklahoma,” Istook said. “I’m committed to creating tax policies that will make Oklahoma a great place to do business. These tax benefits do just that by removing obstacles to growth for all businesses located on tribal land.”

Under the Indian employment tax credit, businesses can receive tax credits of up to \$4000 per qualifying employee per year. Employers on tribal lands receive tax credits equal to 20 percent of wage increases – including health insurance costs -- for employees who are enrolled Indian tribal members or their spouses.

Other key provisions in this legislation included extending the reduced tax rates on capital gains and dividend income through 2010. Over 60 percent of Americans receiving capital gains or dividend income have incomes of \$100,000 or less and will benefit from the passage of today’s bill.

“Our economy will keep growing as we let people keep more of what they’ve earned. That creates jobs,” said Istook.

Businesses on Indian land will also continue to recover the costs of investments more quickly due to an accelerated depreciation schedule. Under the legislation, the value of assets such as property and equipment will decrease more rapidly than the tax code normally permits, thus allowing businesses to substantially increase their after-tax income.

“Because so much of Oklahoma land is classified as former Indian lands, these tax benefits are a major tool to improve our state’s economy,” Istook commented. “The incentives ought to be made permanent, and I’m co-sponsoring legislation to do just that.”

The Tax Relief Extension Reconciliation Act passed the House today by a vote of XXX to XXX. The Senate passed its version of the legislation last month. The two bills will now head to conference committee.

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